



*Embassy of the United States of America*  
Windhoek, Namibia

13 March 2007

Dear Prospective Offeror:

**SUBJECT: Solicitation Number SOWA800-07-R-001 – Health Plan for Namibian Employees of the American Embassy, Windhoek**

The following items are attached:

- 1) Solicitation Amendment: New due date for offers.
- 2) Answers to questions posed by potential offerors.

If you have any questions regarding this solicitation direct them to William J. McClure by fax: 264-61-295-8603 or telephone, 264-61-205-8500, during regular business hours.

Sincerely,

  
William J. McClure  
Contracting Officer

<b>AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT</b>			1. CONTRACT ID CODE	PAGE	OF	PAGES
2. AMENDMENT/MODIFICATION NO. <b>M002</b>	3. EFFECTIVE DATE <b>March 12, 2007</b>	4. REQUISITION/PURCHASE REQ. NO. <b>SOWA800-07-R-001</b>	5. PROJECT NO. (If applicable)			
6. ISSUED BY <b>U.S. Embassy in Windhoek 14 Lossen Street Ausspanplatz, Windhoek Namibia</b>		7. ADMINISTERED BY (If other than Item 6) CODE				
8. NAME AND ADDRESS OF CONTRACTOR (No., street, county, State and Zip Code) <b>Prospective Offerers</b>			(X)	9A. AMENDMENT OF SOLICITATION NO. <b>SOWA800-07-R-001</b>		
			×	9B. DATED (SEE ITEM 11) <b>January 10, 2007</b>		
				10A. MODIFICATION OF CONTRACT/ORDER NO.		
				10B. DATED (SEE ITEM 13)		
CODE	FACILITY CODE					

### 11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS

☐ The above numbered solicitation is amended as set forth in Item 14. The hour and date specified for receipt of Offers ☒ is extended, ☐ is not extended.  
Offer must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended, by one of the following methods:  
(a) By completing Items 8 and 15, and returning \_\_\_\_\_ copies of the amendment; (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or telegram which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGEMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.

12. Accounting and Appropriation Data (If required)

### 13. THIS ITEM APPLIES ONLY TO MODIFICATIONS OF CONTRACTS/ORDERS, IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14.


(X) A. THIS CHANGE ORDER IS ISSUED PURSUANT TO: (Specify authority) THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. IN ITEM 10A.  
B. THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (such as changes in paying office, appropriation date, etc.) SET FORTH IN ITEM 14, PURSUANT TO THE AUTHORITY OF FAR 43.103(b).  
C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF:  
D. OTHER (Specify type of modification and authority)

E. IMPORTANT: Contractor ☒ is not, ☐ is required to sign this document and return \_\_\_\_\_ copies to the issuing office.

14. DESCRIPTION OF AMENDMENT/MODIFICATION (Organized by UCF section headings, including solicitation/contract subject matter where feasible).

The purpose of this modification is to extend the deadline for the submission of proposals. The due date for proposals is now April 16, 2007, no later than 1600 hours.

Except as provided herein, all terms and conditions of the document referenced in Item 9A or 10A, as heretofore changed, remains unchanged and in full force and effect.

15A. NAME AND TITLE OF SIGNER (Type or print)	16A. NAME AND TITLE OF SIGNER (Type or print) <b>Mr. William J. McClure - Contracting Officer</b>		
15B. CONTRACTOR/OFFEROR	15C. DATE SIGNED	16B. UNITED STATES OF AMERICA BY 	16C. DATE SIGNED <b>03-12-2007</b>
(Signature of person authorized to sign)		(Signature of Contracting Officer)	



such request since it may come down to neglect of their Fiduciary duty of acting with care and diligence in the best interest of all the participating members and employer groups of the Fund.

*As such I request that this section be waived or changed in order to accommodate the specific circumstances relating to the good governance of the respective medical aid funds.*

**Answer:** The process of calculating the contributions is understood. Please see the explanation below:

Section B.3 ADMINISTRATIVE RETENTION AMOUNTS – refers only to your “cost of doing business”, such as overhead, general and administrative expenses, plus your profit. The amounts quoted in original offer cannot be changed through the life of the contract.

Section B.4 ECONOMICAL PRICE ADJUSTMENT – allows for an annual increase or decrease in contribution costs based on your yearly calculations of the amount of claims paid out versus the premiums received minus the retention amount, and would be submitted prior to the Embassy exercising any Option Years.

#### 4) Question:

In addition it is also noted that Section B.2 refers to Bi-weekly rates. It should be noted that the manner in which all medical aid funds raise the contributions is that the *contributions are payable monthly in advance*. Once again to raise these contributions on a bi-weekly basis would require system changes.

**Answer:** Due to the manner in which payments are currently being made by the USG for this type of transaction, the Embassy would request that changes be made in order to allow bi-weekly payments.

#### 5) Question:

Section B.3 requires that the medical aid fund should provide cost experience data should they wish to adjust their prices (monthly contributions). As explained previously contributions are normally increased on an annual basis starting on 1 January each year and expiring on the 31st of December of each year. Therefore it is clear that *premiums are normally fixed for the 12 month period as mentioned previously*.

In terms of the Act on Medical Aid Funds, the financial year of each medical aid fund runs from 1 January until the 31st of December, each year. All contribution increases and benefit changes need to be registered with NAMFISA on an annual basis for their approval and only once approval has been granted by them may we start raising the increased contribution for the next year. As a result it is therefore *evident that we cannot include a retention amount as part of the premium to be raised since this has not been approved by NAMFISA and may result in the medical aid fund acting outside the auspices of the relevant legislation*.

Contribution increases are normally based on the claims experience and demographic profile of all the members and employer groups participating in a specific medical aid fund. As such *contributions are not calculated according to the specific claims profile of an employer group*, rather it accommodates the principle of cross subsidization in order to keep monthly contributions at an affordable level relative to the benefits that is being offered.

All medical aid funds should be in a position to provide you with a detailed claims versus contribution report, based on which you should be able to determine your claims profile. The provision of discounted contributions will depend on the size of the employer group as well as maintaining a positive claims ratio. A positive claims ratio is regarded as 75% or less. Company's claiming in excess of 75% will not qualify for any potential discounted contribution structure. Discounted contributions can only be granted with the specific approval by the Board of Trustees and in addition needs to be registered with NAMFISA as well. The flip side of the coin however is also true in the



sense that a company claiming in excess of 100% of contribution will not be penalized by requiring them to accept a loading of contributions, since claims experience per employer group may vary from year to year.

**Answer:** As discussed above the Retention Amounts are not tied to the contributions and are based on the vendor's cost of doing business.

**6) Question:**

Section B.2: In order to enable us to provide you with an accurate quote of the prices involved we require the following employee information (All staff members, including ORE Employees Rider as per section J) from yourself:

Employee number;

Employee's current age;

Spouse Dependant;

No of children.

*The employee information that has been provided is insufficient if we are to provide an accurate quote of the costs involved. The medical aid fund contributions are based on the current age of the employee, marital status (spouse / common law spouse or none) and number of children in the household. Therefore it is important that you provide us with as much as possible information. We do not require the name and the exact date of birth of the employee at this stage.*

Medical Aid Funds normally offer more than one benefit package providing for different levels of cover and also reflecting different contribution rates as per the level of cover elected. Given the level of cover required we hereby confirm that we will thus provide you with a quote on a particular benefit package that match your specific needs as closely as possible.

**Answer:** Please see attachment, which includes the requested information.

**8) Question:**

Section I.2. (c)(1) Refers to a DUNS number to be provided to contractors outside of the USA. *Is this a requirement?*

**Answer:** As detailed in Section I.2. c., a DUNS number can be requested at the website or via telephone.

**9) Question:**

Please indicate to what extent the different sub-sections of Section K applies to the Medical Aid Funds in Namibia and whether we will be exempted from the following clauses:

K.1. Certificate of Independent Price Determination (Apr 1985)

K.2. Certification and Disclosure regarding to Payments to Influence Certain federal Transactions (Apr. 2005)

K.4. Contractor Identification Number - Data Universal Numbering System (DUNS) Number (Oct. 2003)

K.5. Annual Representations and Certifications (Jan 2006)

K.6. Certification regarding Debarment, Suspension, Proposed Debarment, and other Responsibility Matters (Dec 2001)



K.9. Arab League Boycott of Israel (Aug 1999)

K.10. Defense Base Act Insurance - Covered Contractor Employees.

**Answer:** All of Section K is applicable to all potential offerors. Each portion of Section K contains questions to be answered by each potential offeror.

**10) Question:** Health insurance Policies are under the auspices of the Insurance Act. These policies are therefore "policies of insurance" and a monthly premium is paid towards certain specified benefits to members. Benefits associated with these policies predominantly bear reference to only "in hospital benefits" associated with trauma events and/or dread diseases and are very limited (if provided at all) in as far as day to day benefits are concerned. Medical Aid Funds fall within the ambit of the Medical Aid Funds Act and can be regarded as "Trusts or mutual agreements" whereby the Fund belongs to ALL participating members.

Such Funds are managed by a Board of Trustees who oversees the day to day affairs inclusive of benefits. All monies thus belong to members, apart from monies paid to the administrator and other contracting parties.

Therefore, when referring to healthcare and day to day benefits we refer to "being a member of a Medical Aid Fund" which can be a closes (employer driven) Fund OR an open (commercial) Fund.

Commercial Medical Aid Funds offer different Options to provide for the varying needs of members and participating employers. It is unfortunately not possible to "customize" an Open Fund to suit each individual or participating employer's needs. Benefits are based on research and in accordance with the concepts of quality, access and affordability in mind.

**Answer:** As stated in the USG request for solicitation there are certain benefits that the Embassy requires, these are based on research of the practice of several "comparator" companies in Namibia. If there are questions about, or a specific benefit as required cannot be provided, a potential offeror should remit a question to the Embassy in this regard.

**11) Question:**

Customized Health Plan: There are two types of "vehicles/entities" applicable in South Africa and Namibia- as mentioned above i.e. Closed Fund or Open Fund. The fundamentals of each Fund are the same namely "to provide financial assistance to members in defraying medical expenditure by means of regular contributions to a pooled arrangement." However, the composition and risks attached to each of these are totally different and in essence, it is neither feasible nor sustainable to establish a "customized" Medical Aid Fund for less than say 1,000 members.

**Answer:** As the American Embassy in Windhoek will not have 1,000 members, it does not request nor qualify for a "customized" plan.

**12) Question:**

Contributions (Fixed Rates): The Actuarial Science and forecasting of benefit utilization, member demography etc. are amongst other key elements in ensuring prudent and appropriate funding of benefits in a Medical Aid Fund. Various factors influence eventual contribution determination including i.e. supply and demand, regulatory and other dispensation matters, competitor activities, epidemics, etc. Contributions are based on two factors – member and dependent and/or age of member and dependent. Contributions are determined annually in advance and payable monthly in advance.



**Answer:** The process of calculating the contributions is understood. Please see the explanation below:

Section B.3 ADMINISTRATIVE RETENTION AMOUNTS – refers only to your “cost of doing business”, such as overhead, general and administrative expenses, plus your profit. The amounts quoted in original offer cannot be changed through the life of the contract.

Section B.4 ECONOMICAL PRICE ADJUSTMENT – allows for an annual increase or decrease in contribution costs based on your yearly calculations of the amount of claims paid out versus the premiums received minus the retention amount, and would be submitted prior to the Embassy exercising any Option Years.

Due to the manner in which payments are made by the USG for this type of transaction, the Embassy would request that changes be made in order to allow bi-monthly payments.

### **13) Comment:**

NAMAF versus SAMA (HPCSA) rates/tariffs – There is a major difference between the tariffs used as a benchmark tariff by Medical Aid Funds (NAMAF) versus HPCSA (Health Professionals Council of South Africa). In accordance with supply and demand one may find certain providers reluctant to charge NAMAF rates and instead they charge the HPCSA rates which on average equate to 3.4 times the NAMAF rate. The result – members being out of pocket as the difference in cost is payable by the member/patient.

There are however funds that protect themselves and the members against the above by contracting Re-Insurance agreements called “GAP cover”.

### **14) Comment**

Profit Sharing Credit Plan – This is indeed a “concept” which has manifested itself and is allowed within Insurance agreements i.e. low claim or no claim bonuses. It is however totally in contradiction with the stipulations of the Medical Aid Funds Act and as such – “no monies may be paid to a member/patient unless such monies relate directly to defrayment of medical expenditure as contemplated in the Act and set out in the registered Rules of a Fund”. Note therefore the illegality in respect of any profit sharing arrangements.

However, certain Medical Aid Funds provide a “self-insurance pool” which in effect provides access to a “savings account” through accumulation of contributions and benefits not used. Thus, the principle of “what you don’t use you don’t lose” is applicable.